

香港房屋委員會
Hong Kong Housing Authority

機構計劃 Corporate Plan
2000/2001

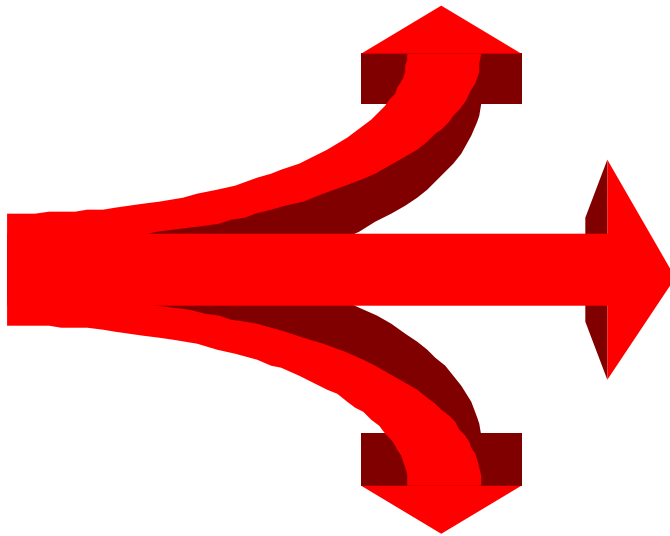
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Rise to the Challenge
Strive for Improvement

Corporate Vision

Vision

To be the community's pride as a professional team striving for continuous improvement in the provision of public housing and related services.



Mission

- To provide affordable housing and quality management, maintenance and other housing related services.
- To ensure cost-effective and rational use of public resources in service delivery and allocation of housing assistance.
- To encourage a competent, dedicated and performance-oriented team.

Core Values

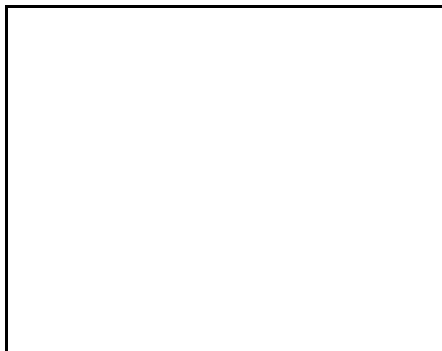
Caring, Customer-focused, Committed.

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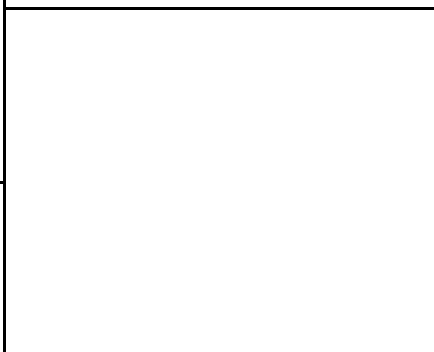
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Note : Unless otherwise stated, all figures and graphics in this plan reflect the position as at 30.9.1999.

1999/2000 Highlights



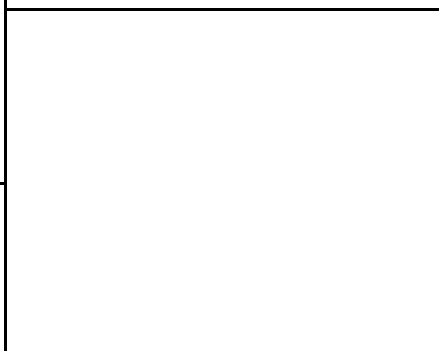
Launching Ceremony of Tenants Purchase Scheme Phase 2.



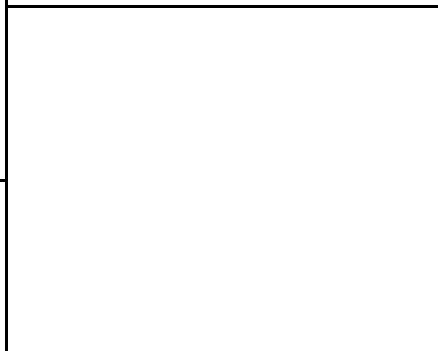
Clean Neighbourhood Campaign which won the Honourable Mention in the Asian P.R. Awards.



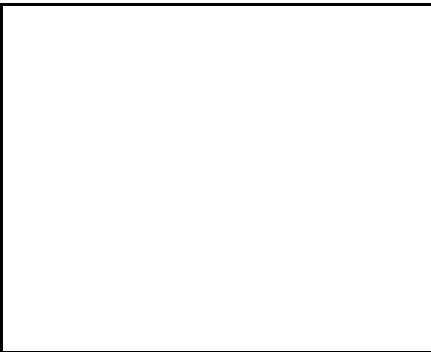
Launching of the Buy or Rent Option.



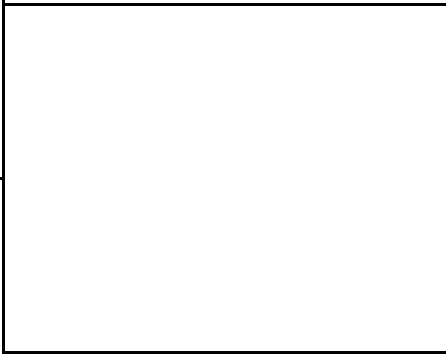
'1999 Sir Robert Matthew Prize' awarded by the International Union of Architects Congress in recognition of the Housing Authority's efforts in improving the living standards of Hong Kong people over the past 45 years.



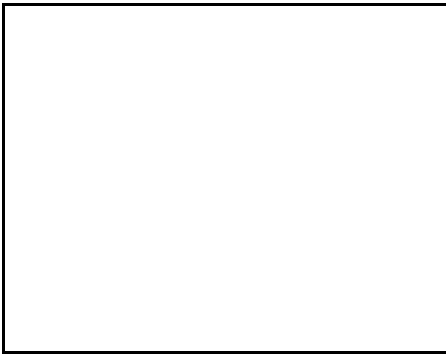
Green Environment Campaign Kick-off and Tree Planting Ceremony.



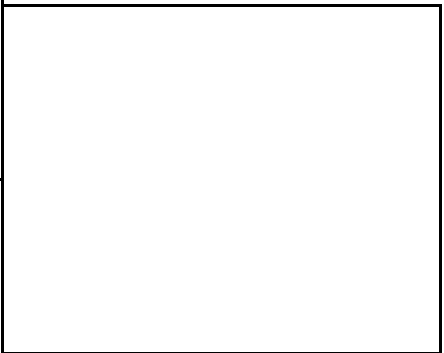
Opening of the Wang Tau Hom Customer Service Centre to provide one-stop customer service.



Award by the Ombudsman in recognition of Housing Department's supportive stand in improving service quality and promoting fairness in public administration.



Rent freeze/ relief measures to help tenants tide over economic difficulty.



'The Hong Kong Housing Conference 1999 - Better Homes in the Next Millennium' for sharing ideas among housing professionals and specialists from the region.

Chairman's Foreword

1.1 The central theme we have chosen for this year's Corporate Plan - "Rise to the Challenge - Strive for Improvement" - aptly sets the scene for the Housing Authority (HA) as we move forward into the new millennium. With the successful implementation of Government's Long Term Housing Strategy (LTHS) behind us, we are very much at a watershed. For this reason we thought it would be appropriate to include in our 2000/2001 Corporate Plan, a short special chapter setting out our long-term vision on the areas which we believe will be of critical importance to us in the early years of the new century. This chapter looks at five areas, including building quality, elderly housing, greater private sector participation, wider choice for customers and urban renewal.

1.2 The wide range of choices which we now provide to our customers is gradually having its intended effect of increasing mobility within and through the assisted housing sector. Public rental housing (PRH) peaked at the beginning of the last decade with a full 44% of Hong Kong's population living in this form of housing. Today that figure has fallen to 34% and there has been a corresponding rise in ownership. To the original Home Ownership Scheme (HOS) have been added the Home Purchase Loan Scheme (HPLS) and Tenants Purchase Scheme (TPS). Last year we added the Buy or Rent Option (BRO) for families on the Waiting List and extended the benefits of these schemes to singleton applicants.

1.3 Increasing mobility brings about two benefits. First, those who no longer really need subsidised rental housing are enabled to move on and make way for those who need it more. Second, the Authority is better able to focus its resources on the neediest members of the community. One particular group that deserves special mention is new migrant families who have been residing in Hong Kong, but with the addition of new family members

from the Mainland. From November last year, we revised our residence qualification for PRH so that these families will have easier access to housing assistance and so may be better able to integrate into the community. I appreciate the Government's support in providing additional land to the Authority to cope with the extra demand for resources involved in this change.

1.4 On the production front, the Authority has entered a period of peak activity which will carry through for three years before a more stable land supply, agreed to with the Government, allows us to settle back to a steadier and more manageable rate. The pressure of this unnatural peak has already shown up weaknesses within the construction industry as well as with our own tendering and supervisory systems. We have now entered into an open and extended dialogue with all those who work with us, aimed at identifying both problems and solutions. Our intention is to bring together the ideas generated in a consultative document early in the year 2000, with a view to building a partnership for progress and achieving a quantum improvement to quality and safety standards industry wide.

1.5 Here, I would like to record my vote of thanks to all the HA and Committee Members for their advice and support over the past year. I would also like to express my sincere appreciation to the staff of the Housing Department (HD), under the very able leadership of Mr Tony Miller, for their hard work and devotion to the HA. The new millennium will undoubtedly bring forth new challenges for the HA, but we have every confidence that, together with the community, we can address them in an open, transparent and constructive way.

Message from the Director

2.1 Last year was an exceptionally busy year for the HD and I would like to start by commending staff for their commitment and resilience. I will highlight two of the challenges we face.

2.2 In May, the HA endorsed a proposal for a phased transfer of estate management and maintenance functions to the private sector. This decision recognized two related trends, one already underway, the other just begun. The first is the emergence of private sector management companies over the last few years as cost-effective service providers. The second is the fact that, with the gradual transformation of the Authority's tenants into owners over the next few years, responsibility for appointing management agencies will pass out of the Authority's hands into those of the new owners.

2.3 A special HA Task Force was established to examine and make recommendations on implementation. At the same time, the Department set up a special committee to examine the implications for staff and to propose a package of options both for those who wish to remain as civil servants and for those who wish to leave and join the private sector. Inevitably, there have been moments of drama and tension as discussions between staff and management have progressed, I am proud to report that staff have behaved responsibly and have not allowed their anxieties over the future to affect the quality of service which they provide day-to-day to our customers. Hopefully matters will be brought to a satisfactory conclusion early this year.

2.4 The peak of production activity to which the Chairlady refers in her message, is the peak of a wave rather than a mountain. It first struck the planners about two years ago and has moved on since through contract documentation, tendering and letting of contracts to

piling, and is now well into the superstructures of a record number of projects. Over the next two years it will race through these to finishing, sales and letting of both domestic and commercial units. Its surge and stress is felt by every member of the Department at some point in its passage. Again I commend them for their resilience.

2.5 Unusual pressures produce unusual problems and these have been particularly acute during a period when economic recession has coincided with frenetic activity on site. There can, however, be no excuse for the sort of failures in construction quality which we have seen over the last year, and whether the fault lies with overly bureaucratic systems, inadequate specification or supervision, contractors cutting commercial corners, individual negligence, or a wider industry cultural malaise, they must not be allowed to recur. My staff and I are committed to getting to the root of these problems, working with the industry to devise solutions and ensuring that they do not happen again.

2.6 I cannot end this message without mentioning one incident which occurred in the wake of one of a series of serious tropical storms which hit Hong Kong over the last summer. At the height of one of these storms, a young member of the management team at Shek Kip Mei Estate spotted a fault developing in a slope behind two of the blocks and raised the alarm. What happened thereafter speaks volumes for the Department's traditional esprit de corps. Orders did not have to be given. Staff from all around the territory simply arrived and set to, working straight through the next 48 hours, coordinating the evacuation of the predominantly elderly population of the affected blocks, making arrangements with colleagues in other departments for their immediate special needs and arranging for their re-housing.

2.7 We look forward to continuing to serve the community in this same spirit in the new millennium.

A Quality Organization

Housing Authority

3.1 The housing policies in both the public and private sectors are formulated and monitored by the Government through the Housing Bureau. The HA determines and implements public housing policies within this policy framework. It plans and builds public housing for rent and sale. It manages public housing estates, home ownership courts, interim housing, transit centres, flatted factories and ancillary commercial facilities throughout the territory. It also administers sales under the Private Sector Participation Scheme (PSPS) and offers loans under the HPLS. Moreover, it acts as the Government's agent for clearing land, preventing squatting and implementing improvements in squatter areas. The magnitude of its success has won worldwide recognition. The HA has -

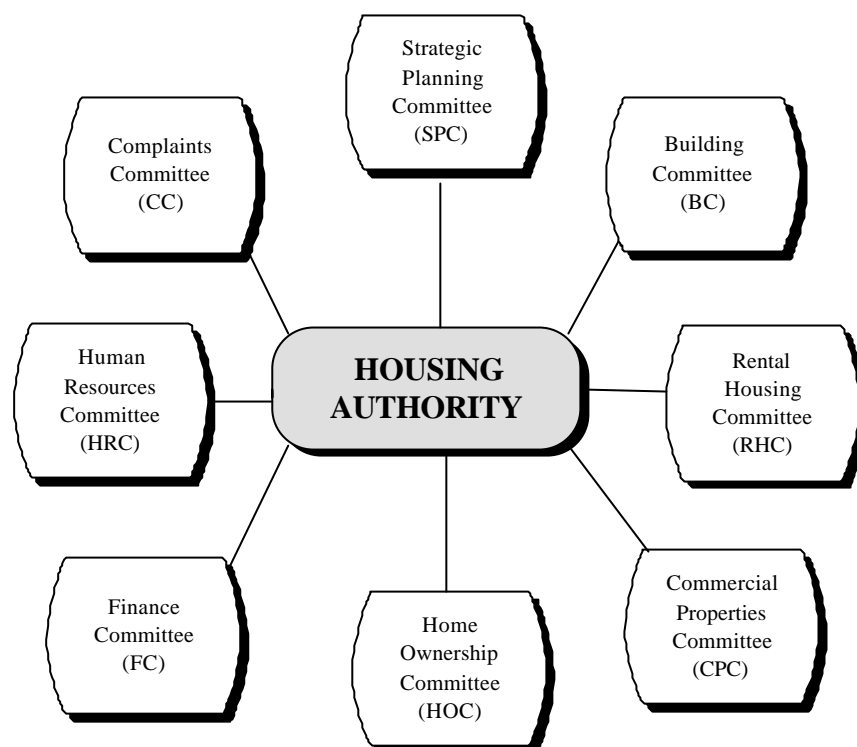
- provided 646,300^[1] PRH units for 34 % of the total population;
- sold 278,800 flats under HOS/PSPS;
- sold 27,200 flats under TPS;
- sold 1,900 flats under BRO/Mortgage Subsidy Scheme (MSS);
- provided 32,500 loans under HPLS; and
- provided 2.15 million m² non-domestic premises and 79,400 car parks.

3.2 While the overall home ownership rate in Hong Kong as at end September 1999 was 52 %, about one-quarter was from the HA's contribution. In 1999/2000, the HA's expenditure accounts for 16.5% of the total public expenditure.

3.3 The HA comprises 4 official and 28 unofficial members who are appointed by the Chief Executive (CE) for a two-year term. It formulates and oversees the implementation of

Note 1: Excluding sold TPS flats.

various housing policies through the eight standing committees.

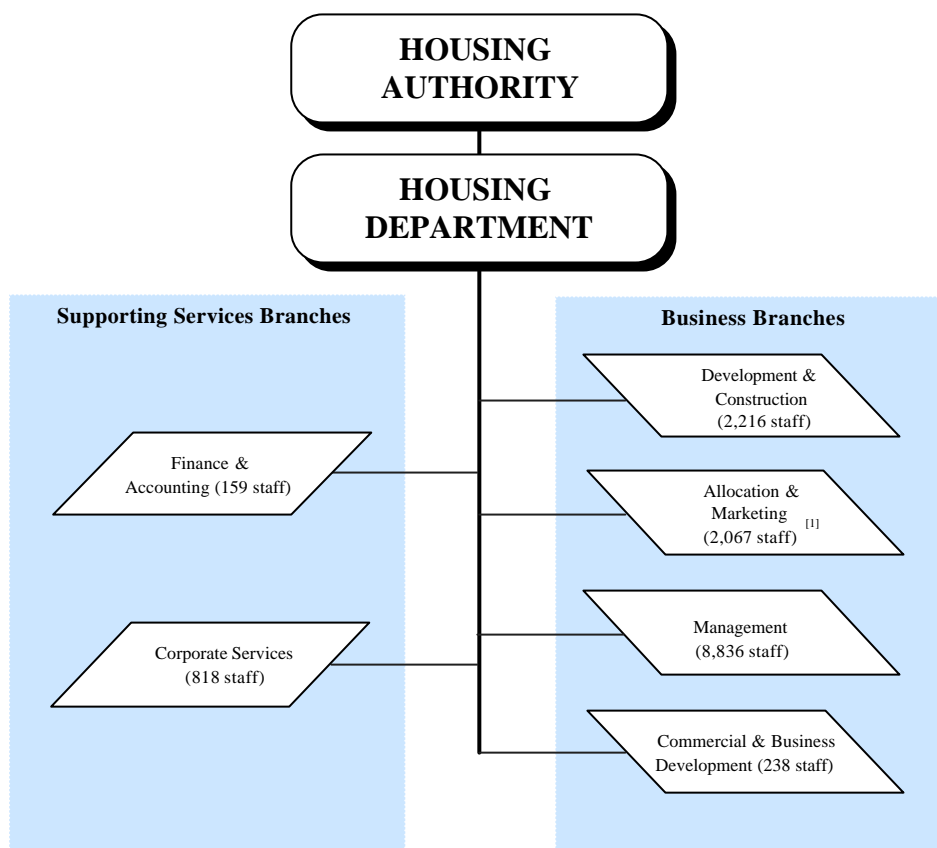


Organisation of the Housing Authority

Housing Department

3.4 The policies set by the HA and its standing committees are implemented by the HD which has a strength of some 14,300 staff.

3.5 The HD is structured along core business lines and is divided into four business branches and two cross-business supporting services branches. The four businesses are each headed by a Business Director. They are responsible and accountable for the development and daily operation of their businesses, setting of service goals and performance standards, and resource allocation within their branches. They report through an Executive Board to the corresponding HA standing committees. The Board performs an internal co-ordinating role in setting overall strategies, clearing policies and targets, and monitoring performance. The two supporting services branches provide advice on major policy areas and key cross-business strategic issues.

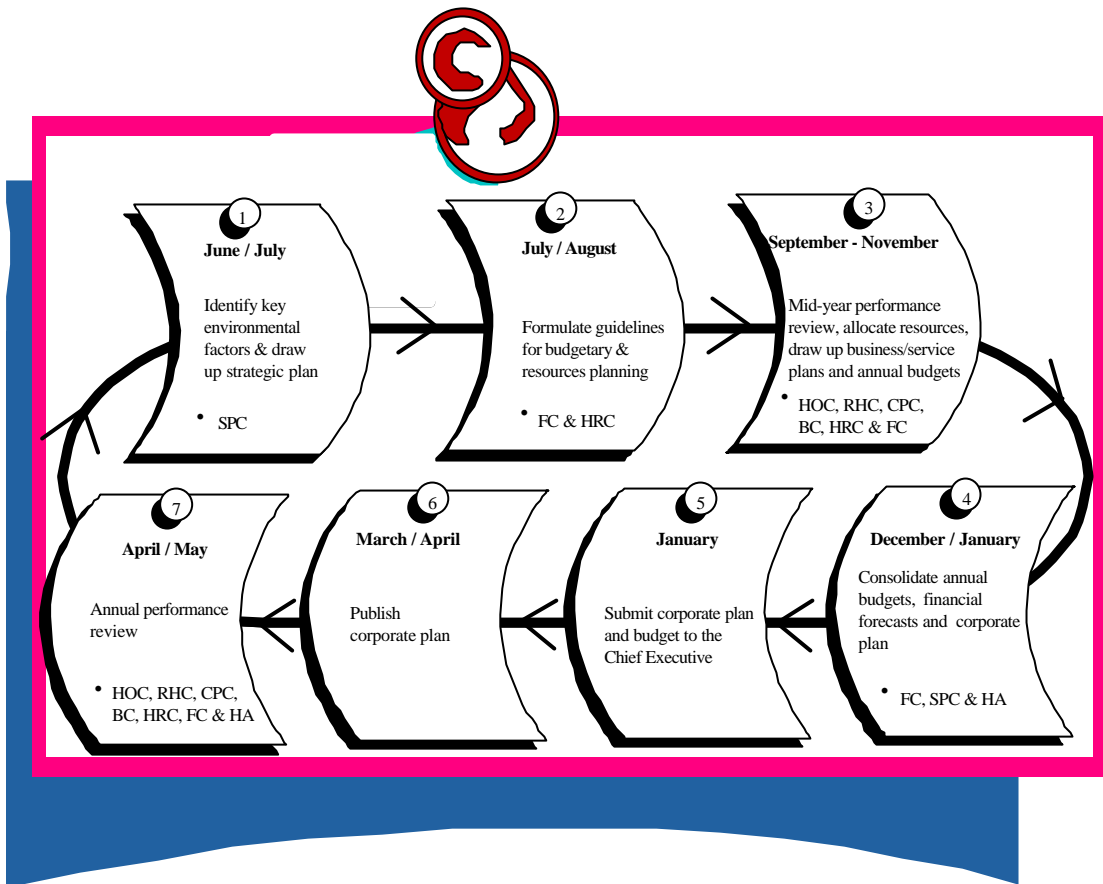


Organisation and Strength of Housing Department
 (Total strength as at 30.9.1999 : 14,334)

Corporate Planning Cycle

3.6 To facilitate forward planning, the HA has developed a corporate planning cycle to map out its strategies. At the outset, a strategic plan will be drawn up by the SPC to set out the corporate objectives and key initiatives for the forthcoming financial year. Based on the strategic plan, each business and services branch will then draw up its own annual business/service plan, setting out the key programmes, new initiatives, service improvements and operating budgets. A corporate plan, summarizing the key strategies and activities of the HA, is consolidated and published in the end. The annual corporate planning cycle is shown in the next page.

Note 1 : Including 1,218 operational staff responsible for squatter control and land clearance duties as government's agent.



HA Corporate Planning Cycle

Mid-Year Performance Review in 1999/2000

Highlights

76 out of the 84 initiatives covered in the HA 1999/2000 Corporate Plan were completed or on schedule.

- completed 14,000 flats
- offered 37,500 flats for sale
- allocated 8,800 rental flats
- commissioned a comprehensive review on enhancing building quality
- opened the new Customer Service Centre at Wang Tau Hom
- completed four shopping centres with a total retail space of 14,000 m²
- completed the Y2K rectification exercise
- reviewed the letting policy on clinics

Mid-Year Performance Review In 1999/2000

(Up to 30 September 1999)

4.1 The year 1999/2000 has been an intensely busy year as we entered a period of peak production activity which will extend through to 2000/2001. We have been implementing most of the key initiatives set in the HA 1999/2000 Corporate Plan. Up to 30 September 1999, 76 out of the total 84 initiatives covered were either completed or on schedule; 5 were under review while only 3 would fall behind schedule. We will catch up for the remaining initiatives and are confident that most of the initiatives will be achieved. The key initiatives implemented in the first six months are -

Building

- Identified sufficient sites for producing an annual average of 54,000 flats for the next 8 years.
- Completed 14,000 flats and awarded construction contracts for some 49,000 flats.
- Outsourced 21,000 flats for contract management.
- Completed a risk assessment on Housing for the Elderly for design and management improvement.
- Commissioned a comprehensive review to enhance building quality.

Rental Housing

- Allocated 8,850 PRH flats to applicants.
- Offered larger flats to all families of living density below 4.5m² per person registered as at August 1995.
- Shortened the time for awarding district term works contracts from four to three months.
- Extended the Clean Neighbourhood Campaign to 140 estates.

- Organized waste reduction promotion activities in 157 estates and provided recyclable collection bins to all rental blocks.
- Awarded contracts for enhancing the security of 210 rental blocks.

Home Ownership

- Offered 5,600 flats for sale under HOS Phase 21A.
- Offered 2,700 MSS flats to residents affected by Comprehensive Redevelopment Programme (CRP) and Cottage Area (CA) clearance.
- Issued 5,800 approval-in-principle letters under HPLS.
- Offered 27,200 flats for sale to sitting tenants under TPS Phase 2 and identified 28,000 flat for sale under TPS Phase 3.
- Sold 1,270 flats under BRO.
- Outsourced all new HOS courts for PMA management.
- Outsourced the preparation of Deed of Mutual Covenant for 5 HOS courts and second phase of the premium assessment work for HOS/PSPS flats.
- Opened the new Customer Service Centre at Wang Tau Hom for providing one-stop service.

Commercial

- Completed four shopping centres with a total retail space of 14,000 m².
- Outsourced three newly completed shopping centres for PMA management.
- Held 127,700 hours of promotional activities.
- Reduced the retail vacancy rate to 4 % and rent arrears to 3.1 % of receivable income.
- Reviewed the letting policy on clinics.
- Reviewed the criteria for programming shopping centres for major improvement works.

Corporate Services

- Completed the Year 2000 rectification exercise for critical and non-critical systems.
- Developed a Service Enhancement Guide to further promote customer service culture in staff.
- Launched a 3-year HA Green Environment Campaign and organized a Staff Support Green Day.
- Organized the second Hong Kong Housing Conference.
- Launched the first phase of the Training and Development Intranet to support continuous staff learning.

Finance and Accounting

- Implemented the Housing Accounting and Financial Information System.
- Devolved supplies functions to individual business branches.
- Shortened the time needed for completing the annual accounts from five to four months.

Corporate Strategies

5.1 The LTHS White Paper published in February 1998 laid down the Government's housing blue-print for the next decade. In his 1999 Policy Address, the CE reaffirmed the Government's housing commitment to reduce the average waiting time for PRH to 3 years by 2005 and to enable more families to own their own homes. The Government also announced that housing loans should be increasingly used to satisfy home ownership demand in view of the greater cost-effectiveness and flexibility.

Major Factors in the Operating Environment

5.2 Having reviewed our operating environment, we have identified the following key factors which will affect our policy formulation and business operations -

General Environment

Political Factors

- Stable government.
- Greater transparency and public accountability.
- Rising concern over housing policies and the use of public subsidies.
- Increasing trend for private sector involvement in government service delivery.

Economic Factors

- Pace of economic recovery.
- Tight government budget.
- High unemployment rate.

Social Factors

- Ageing population and growing trend of small families.
- Continued inflow of new immigrants from the mainland.
- Rising concern over environmental protection and sustainability.
- Higher aspiration for quality and responsive public services.

Housing Environment

- Public concern on housing quality.
- Continued aspiration for home ownership.
- Continued strong demand for public housing.
- Steady land supply and stable property market.
- Move towards being a housing facilitator rather than a provider.
- Increasing awareness on value for money, prudent risk management and clear lines of accountability.
- Rising concern on the impact of the Department's phased transfer of estate management and maintenance functions to the private sector.

Corporate Strategic Objectives

5.3 Having regard to the latest business operating environment, the housing policies under the LTHS and the housing targets set by the Government, we consider that the eight strategic objectives for 1999/2000 are still generally valid and appropriate for 2000/2001. Yet, we will stress further on increasing communication with both staff and customers to facilitate the implementation of reforms in the coming year. The eight strategic objectives for 2000/2001 are -

- To facilitate the cost-effective provision of quality public housing and associated services;
- To maximize the rational allocation of housing resources, matching subsidy type and level to customer needs;
- To increase the opportunity for home ownership;

- To manage and maintain our assets with a view to maximizing their economic life and contribution;
- To make greater use of private sector resources in the delivery of housing and associated services where it makes financial and management sense to do so;
- To develop a partnership with customers and other stakeholders and strengthen communication with staff and customers with a view to improving understanding of each other's aims and needs;
- To develop and deploy our human and financial resources to meet corporate goals in the most effective manner; and
- To contribute actively and positively towards sustainable development.

5.4 To provide a clear work focus for the HA, we will introduce a central theme for each corporate planning cycle from 2000/2001 onwards. The central theme for this year is “**Rise to the Challenge - Strive for Improvement**”.

Future Highlights

6.1 The new millennium has provided a unique opportunity for the HA to devise responsive and forward-looking strategies for achieving the HA's objectives in a longer term context. We have identified 5 focus areas for the HA in the coming years. They are -

- Enhancing building quality;
- Meeting elderly housing demand;
- Facilitating greater private sector participation;
- Providing a wider choice for customers; and
- Contributing to urban renewal.

6.2 These topics have embraced prevailing community concerns. While this Corporate Plan will focus on the initiatives to be introduced in 2000/2001, these 5 focus areas will always be on the HA's top agenda in the years to come. We should develop strategies and refine policies progressively in meeting these challenges.

Enhancing Building Quality

6.3 We fully appreciate the public concern over the quality of public housing. Indeed, the HA will always put clients' interests upfront in the delivery of public housing. We will never compromise building quality in meeting the production targets. To address the shortcomings in the public housing production system, we have reviewed our system comprehensively and will introduce a series of strategies and initiatives to enhance our building quality. The HA will work closely with the Government and the construction industry in implementing these measures.

6.4 In upgrading building quality, we shall implement a 4-pronged strategy. First, we will establish a partnering framework with all stakeholders in the housing production process to enlist their commitment and support in delivering quality housing. Second, we will reinforce the quality supervision system to ensure that quality

outputs are delivered in every key stage of the production process. Third, we will work with the Government and the training authorities closely to enhance the professionalism of our workforce so that it is capable of delivering quality construction. Fourth, we will facilitate the development of new technologies and modes of operation which will enhance the efficiency and cost-effectiveness of housing provision. Besides, we will address imminent public concerns over the piling issue. Subject to the views received in the forthcoming public consultation exercise, we will implement new initiatives to support the above strategies progressively.

Meeting Elderly Housing Demand

6.5 The ageing population has posed a great challenge to housing provision in the coming decade. By 2016, the elderly population, i.e. over the age of 60, will constitute up to 20% of our total population. The welfare and housing needs of the elderly have been evolving and we must address this challenge pro-actively. The HA will formulate a public housing strategy for the elderly which sets out our policy directions in meeting future elderly housing demand. Our ultimate goal is to achieve ‘ageing in place’.

6.6 In formulating this elderly housing strategy, we will address four key issues. First, we will provide sufficient and suitable flats to meet their increasing housing demand. Besides, we will explore alternative means and modes for meeting elderly housing demand more cost-effectively, including the feasibility of providing a larger number of small units in our rental estates. In addition, we will develop an integrated model which will enable our housing and care services to be better provided under a continuum care approach. Moreover, we will also review our housing application and management policies with a view to encouraging and facilitating the young generation to look after the elderly.

Facilitating Greater Private Sector Participation

6.7 Recognizing the evolving role of the HA as a housing facilitator rather than a provider, we will continue to engage greater private sector participation in our service delivery where it makes financial and management sense to do so. We will see our counterparts in the private sector as partners and work with them closely in achieving better quality and more cost-effective service provisions for our clients.

6.8 The year 2000 will be another milestone in the development of public and private partnership in public housing provision. The implementation of phased transfer of estate management and maintenance services to the private sector will be a significant step forward. We will ensure that our staff will continue to be provided with various career development opportunities in meeting this challenge. Furthermore, we will also work with the Housing Bureau to explore the merits of tapping private sector expertise in housing provision under 'joint-venture' and 'design-and-build' projects on the understanding that adoption of these projects should not affect the flat production programme both in terms of number and timing.

Providing a Wider Choice for Customers

6.9 In the past few years, the HA has been broadening the range of housing options provided for our existing and new customers. The introduction of the TPS, MSS, BRO and the HOS Secondary Market have provided additional rungs onto the housing ladder to facilitate tenants' and owners' mobility. Having regard to the Government's call for increasing the provision of loans over direct housing provision, we will work closely with the Government in realising this policy direction.

6.10 To start with, we will examine the subsidy levels of various housing schemes to ensure that they are matching subsidies with customers' needs and providing the best value of money for the HA. Besides, we will review the extent and the means to effect a continued increase in the use of financial subsidies. Moreover, we will also explore the feasibility of providing financial subsidies in

meeting rental housing demand, in addition to ownership demand.

Contributing to Urban Renewal

6.11 Noting that the Government will soon set up the Urban Renewal Authority (URA) with a view to accelerating urban redevelopments and rejuvenating the urban area, the HA will contribute positively to this policy direction through developing a compatible and complementary redevelopment strategy so that the social benefits arising from public and private redevelopments can be maximized.

6.12 At the outset, we will liaise with the Government to work out a set of mutually-acceptable arrangements in which the HA can assist the URA in rehousing displaced tenants under our existing policy framework. Moreover, we will complete four restructuring studies this year which will allow us to take a broader outlook on the redevelopment potential of our estates and their neighbourhood for maximizing the viability and benefits of redevelopments. Besides, we will examine the redevelopment potential of our old estates which will neither be covered in the CRP nor the TPS. For old estates where redevelopment is not possible, we will conduct renovation and improvement works to provide tenants with a better living environment.

Way Forward

6.13 The visions and strategies set out in the preceding paragraphs demonstrate the HA's general policy directions in responding to imminent community concerns and housing challenges in the years to come. Some of the strategies have been covered in this Corporate Plan while others will be developed progressively with the inputs from the Government, relevant stakeholders and the community as a whole. We will update their progress in our subsequent corporate plans.

Business/Service Plans - Highlights

A total of 64 initiatives will be introduced. The highlights include -

- implement a multi-pronged strategy on enhancing building quality
- complete 90,000 flats, 150,000 m² commercial properties and 10,000 carparks
- allocate 20,000 rental flats and reduce the average waiting time for P
RH to 5 years
- offer 58,000 flats for sale, covering HOS, PSPS, TPS, BRO &
MSS
- rehouse 21,000 households under the CRP
- clear all 11 Temporary Housing Areas and 2 Cottage Areas
- outsource the management of 31 new rental estates and Home
Ownership developments, and 33 shopping centres
- assist the formation of Owners Corporation in 35 HOS courts
- develop the concept of “joint-venture” development
- reduce the vacant flat refurbishment period to 50 days
- improve landscaping in 18 estates and plant 230,000 trees in 24
estates
- set up an Exhibition and Resource Centre

Business Plans

Building

7.1 The Building Business is responsible for planning, designing and building public housing and associated facilities for the HA, as well as facilitating the Government's PSPS projects. A total of 244,000 public flats are at different stages of development, and some 170,000 flats are under construction while 10,000 PSPS flats are scheduled for completion in 2000/2001. The main operations are carried out by the Development and Construction Branch.

7.2 The major objectives of the Building Business are -

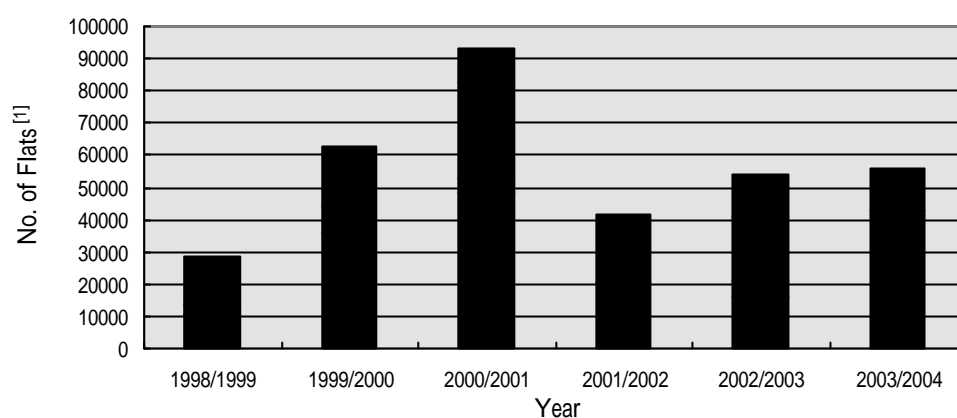
- To provide quality flats and ancillary facilities that meet the changing customer needs in a safe, environmentally-conscious and cost-effective manner;
- To secure a sufficient and steady land supply from the Government for the planned production of public housing;
- To facilitate the redevelopment programme of old rental blocks;
- To improve the environment of public housing estates in their entirety; and
- To make greater use of private sector resources in the development of public housing.

Key Initiatives

Meeting Production Targets

- To complete at least 90,000 PRH/Interim Housing (IH) /HOS/ PSPS flats, 150,000 m² gross floor area of commercial properties and 10,000 car/lorry parking spaces.

Public Housing Production forecast .



Redeveloping Older Estates

- To clear no less than 60 blocks under the CRP.
- To complete four restructuring studies and assess their impact on public housing production and urban redevelopment.

Enhancing Quality Control

- To implement an overall strategy on enhancing building quality.
- To improve contractors' performance through the implementation of Performance Assessment Scoring System (PASS) 2000 and Building Services PASS.
- To improve quality control of foundation works by introducing Piling PASS to assess performance of piling contractors and enhancing site supervision and testing systems.

Note 1 : Including PRH, HOS, PSPS and IH flats

Enhancing Cost -Effectiveness

- To improve efficiency ratios of PRH and HOS blocks.
- To review design and standard of finishes of HOS blocks to suit customer needs, improve construction efficiency and cost-effectiveness.
- To review the existing design of the Housing for Senior Citizens to facilitate a continuum of care and to improve effectiveness and cost-efficiency.
- To implement options to vary standard residential blocks to enhance identity of public housing estates.

Promoting Environmental Friendliness

- To assess housing projects under Hong Kong Building Environmental Assessment Method - Residential (HK BEAM).
- To implement an environmental management strategy for minimizing nuisance from dust, noise and water pollution during construction, and propose enhancements to building standards, design and specification for sustainable development.

Wider Use of Private Sector Resources

- To develop the concept of 'joint-venture' development and explore the feasibility of implementing pilot schemes.
- To work out 'design and build' schemes and launch pilot projects.

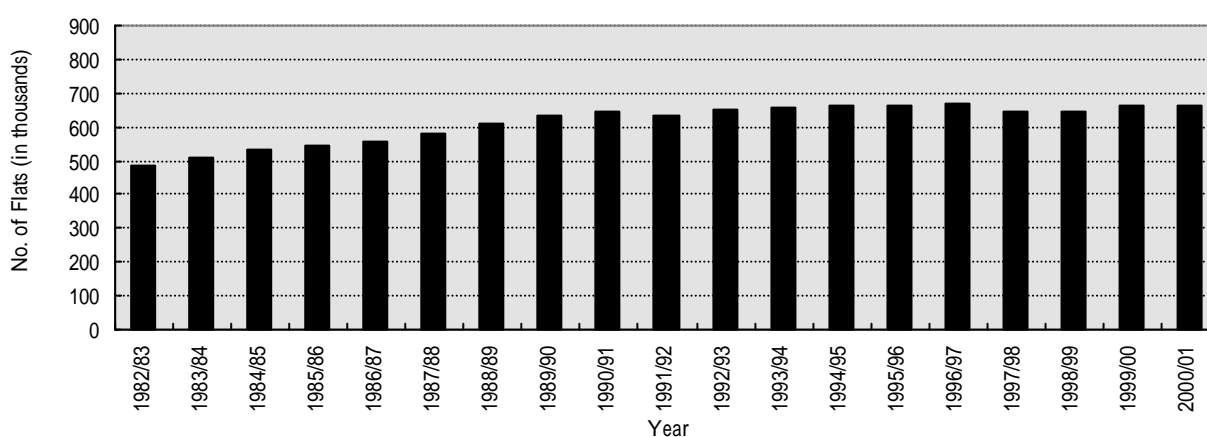
Budget

7.3 Expenditure is budgeted at \$ 25,881 million for 2000/2001. This represents a decrease of \$ 2,531 million (9 %) on 1999/2000 due to the lower level of flat production in the coming two years.

Rental Housing

7.4 The Rental Housing Business is responsible for the allocation, management and maintenance of the HA's domestic rental properties. The portfolio comprises 646,300^[1] units in 168 PRH estates, 6,200 units in 11 temporary housing areas (THA), and 1,000 units in 5 CAs. The main operations are carried out by the Management Branch.

Stock of Public Rental Housing .



7.5 The Rental Housing Business's major objectives are -

- To rationalize the distribution of housing resources and maximize their utilization;
- To deliver cost-effective and quality housing management and maintenance services;
- To develop and strengthen partnership with customers as well as stakeholders to enhance customer-focused culture;
- To improve the living environment of PRH estates;
- To enhance staff productivity and financial performance; and
- To make greater use of private sector resources in estate management and maintenance.

Note 1 : Excluding sold TPS flats.

Key Initiatives

Maximizing Rational Allocation of Housing Resources

- To reduce the overall average waiting time for PRH from 6 to 5 years and that for elderly applicants from 3.5 to 3 years.
- To allocate no less than 20,000 PRH units to waiting list applicants.
- To rehouse 21,000 households under the CRP.
- To assess the feasibility and requirements for achieving a 'continuum of care' approach for the elderly in PRH estates.
- To clear all 11 THAs and 2 CAs.

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Enhancing Management and Maintenance Services

- To enhance the level of supervision and quality control on maintenance contractors, to introduce Maintenance Assessment Scoring System in tendering and to increase the ratio of qualified tradesmen in all trades.
- To reduce the working period for vacant flat refurbishment from 57 to 50 days.
- To encourage tenants' participation and contribution in estate management, cleansing and maintenance matters.

Enhancing Better Living Environment

- To implement landscaping improvement projects in 18 estates and to plant 230,000 plants/trees in 24 estates.
- To implement programmes for enhancing environmental friendliness, including abatement of waste and water pollution.

Wider Use of Private Sector Resources

- To implement a new Property Management Agent (PMA) management model for optimizing the benefits of the private sector involvement (PSI) initiative.
- To contract out estate management services for 11 new rental estates and 1 small household development.

Budget

7.6 Expenditure and income for 2000/2001 are budgeted at \$ 12,065 million and \$ 10,425 million respectively, resulting in an operating deficit of \$ 1,640 million. The decrease of \$ 275 million (14 %) in deficit on 1999/2000 has been achieved through efforts in cost and expenditure containment.

Home Ownership

7.7 The Home Ownership Business is responsible for assisting the lower-middle income families to become home owners through implementing various subsidized ownership schemes. So far, the business has sold some 191,600 HOS, 87,200 PSPS, 1,900 BRO/MSS and 27,200 TPS flats, and provided some 32,500 loans to eligible families under the HPLS. The key initiatives are carried out by the Allocation and Marketing Branch.

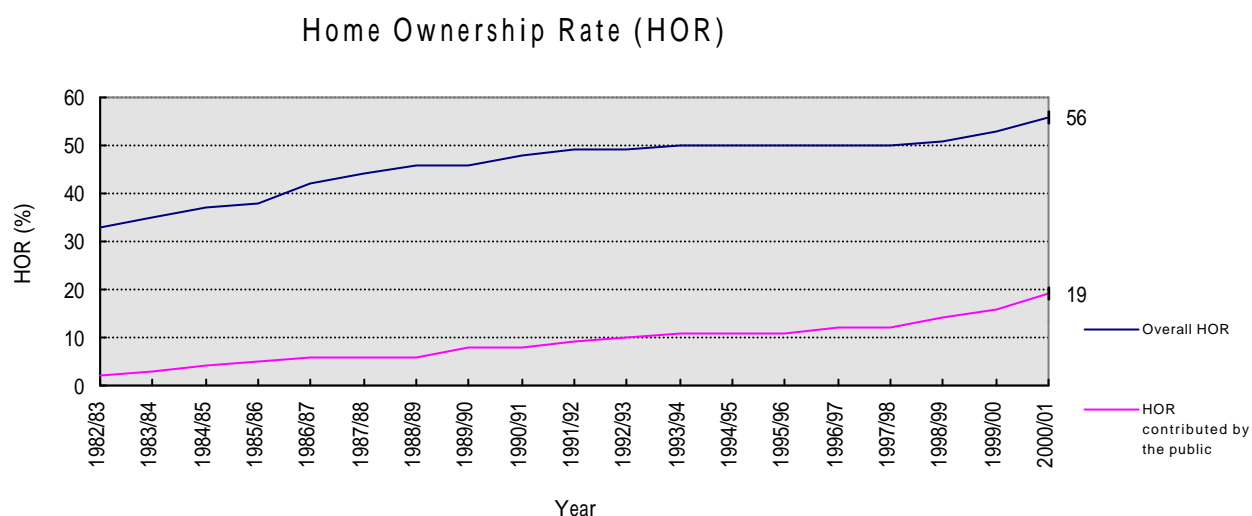
7.8 The major objectives of the Home Ownership Business are -

- To increase the opportunity for home ownership;
- To maximize the rational allocation of housing resources and to match subsidy level to customer needs;
- To facilitate the cost-effective provision of quality subsidized ownership flats and associated services;
- To make greater use of private sector resources in the delivery of services.

Key Initiatives

Assisting Home Ownership

- To offer 27,000 HOS/PSPS flats for sale.
- To offer no less than 25,000 PRH flats for sale to sitting tenants under TPS Phase 4.
- To offer 3,200 flats for sale to tenants affected by CRP and CA clearance programmes under MSS.
- To offer 3,000 flats for sale to prospective tenants under BRO.



Maximizing Rational Allocation of Housing Resources

- To review the quota and amount of loan under the HPLS to maintain attractiveness.
- To review the extension of HOS/PSPS and HPLS to single persons.

Enhancing Customer Service

- To set up a Customer Call Centre for providing one-stop customer-oriented enquiry service under the new Rental and Purchase Hotline.
- To provide timely and user-friendly information at the HA website for prospective owners.

Wider Use of Private Sector Resources

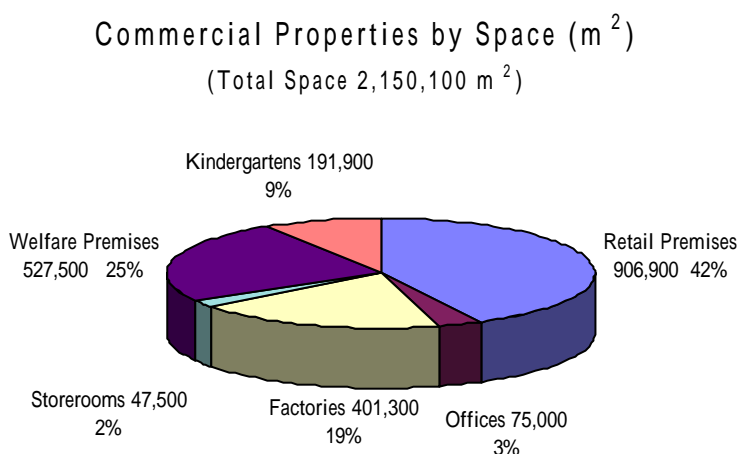
- To assist the formation of Owners Corporations (OCs) in 14 new HOS courts and 21 pre-Phase 18A HOS courts.
- To contract out management of 15 new HOS estates and 4 BRO estates to PMA.

Budget

7.9 Expenditure and income for 2000/2001 are budgeted at \$ 25,617 million and \$ 40,768 million respectively, resulting in an operating surplus of \$15,151 million. This represents an increase in surplus of \$ 4,878 million (47 %) on 1999/2000 mainly due to the projected larger number of flats to be completed in 2000/2001.

Commercial

7.10 The Commercial Business is responsible for the management and operation of the HA's commercial properties. Its portfolio comprises 2.15 million m² of non-domestic premises (including retail, flatted factories, welfare and community facilities), and 79,400 carparks. These account for about 10 % of the total retail space and 15% of the total carparking spaces in Hong Kong. The key initiatives are carried out by the Commercial Properties Division of the Commercial and Business Development Branch.



7.11 The Commercial Business's major objectives are -

- To provide an appropriate range, level and quality of commercial facilities/services to support public housing;
- To enhance the quality of services and the level of satisfaction of the users of commercial facilities;
- To maximize cost-effectiveness in the development and management of each commercial sub-business and to achieve a specified return; and
- To make greater use of private sector resources in fulfilling business objectives.

Key Initiatives

Providing Quality Facilities and Services

- To implement an environmental strategy to prevent debris and grease from entering into drainage, to control excessive noise nuisance in all service rooms and to ensure chemical wastes produced are declared and properly handled.

Enhancing Customer Satisfaction

- To maintain a customer satisfaction index on shopping centres for assessing satisfaction levels against established performance indicators.

Maximizing Cost-effectiveness

- To finalize the installation programme for a comprehensive data handling and financial system.
- To roll forward the clearance of Shek Kip Mei Factory Estate.

Wider Use of Private Sector Resources

- To outsource the management of 33 shopping centres.
- To explore the feasibility of outsourcing promotion, exhibition activities and rent-fixing functions.
- To formulate a trial 'Build, Operate, Transfer' scheme for commercial facilities.
- To review the policy of letting shopping centres to single operators.

Budget

7.12 Expenditure and income for 2000/2001 are budgeted at \$3,275 million and \$5,189 million respectively, resulting in an operating surplus of \$1,914 million ^[1]. This represents an increase of \$ 36 million (2 %) on the 1999/2000 revised budgeted surplus which is mainly due to a gradual recovery in the retail business.

Note 1 : The operating surplus is calculated before deduction of expenditure incurred on Government projects funded and executed by the HA.

Service Plans

Corporate Services

8.1 The Corporate Services Branch is responsible for strategic human resources management, promoting the HA's corporate image as well as providing administration, computer, legal, community relations, publicity, promotion and management services to other branches of the HD.

8.2 The key objectives of the Corporate Services are -

- To develop and deploy human resources and supporting services to help meet corporate goals in the most effective and efficient manner;
- To enhance partnership with customers and other stakeholders by strengthening communication;
- To make greater use of private sector resources in the delivery of supporting services; and
- To promote environmental understanding and practices in the workplace and to contribute to HA's environmental performance.

Key Initiatives

Developing Human Resources Management (HRM)

- To implement the HRM Plan to prepare staff and the organization for meeting challenges in the new millennium with specific focus on PSI and new job roles/business changes.
- To implement proposals on terms and conditions of employing HA contract staff arising from a consultancy review.
- To set up a Mandatory Provident Fund Scheme for HA contract staff.
- To launch the first phase of HRM Information System to

facilitate improved human resources planning.

Enhancing Communication with Customers

- To set up an Exhibition and Resource Centre and to design visit programmes for visitors of different cultural/social background.
- To add 3,000 images to the computerized photo archive.
- To enhance the HA/HD Internet Home Page to facilitate information dissemination to the public in a more user-friendly manner.
- To enhance the use of information technology (IT) in communication and service delivery.

Wider Use of Private Sector Resources

- To outsource the building management of the new office building at Ho Man Tin South Phase IV.
- To outsource IT services.

Promoting Environmental Friendliness

- To launch promotional programmes on green housekeeping measures.
- To introduce training and communication programmes to support environmental management initiatives.

Budget

8.3 Recurrent expenditure is budgeted at \$687 million, representing a 5% increase over 1999/2000.

Finance and Accounting

8.4 The Finance and Accounting Branch is the HA's principal advisor in corporate financial strategy and decision-making. In providing corporate support functions, it also acts as the financial information hub and an visionary partner of business branches to drive best practice in financial and risk management. The total funds held by the HA amounted to \$ 21 billion, of which \$16.5 billion was managed internally and \$ 4.5 billion was managed by external fund managers.

8.5 The Finance and Accounting Services' key objectives are -

- To advise the HA as to the most appropriate financial arrangements and external service agreements with Government and other agencies;
- To deliver high quality financial management services benchmarked to the best international practice and comparable with the best public sector organizations in Hong Kong;
- To advise the HA as to the most appropriate financial and risk management framework;
- To manage available funds to ensure that sufficient resources are available to sustain the HA's capital programmes and operational services and other initiatives; and
- To set policies and to provide advice on procurement, tendering, stock management and counterparty list management.

Key Initiatives

Financial and Risk Management

- To develop a Business Values Analytic and Risk Management System to support strategic and financial planning and facilitate the implementation of subsidy policies.
- To review the HA's comprehensive risk management programme, including risk financing strategies, risk management

organization and risk reporting framework.

Fund Management

- To improve cashflow forecast for maximizing the use of the HA's available funds.
- To review the asset allocation strategy.

Procurement Services and Counterparty List Management

- To review the policy and processes on procurement and counterparty list management.

Enhancing Cost-effectiveness and Productivity

- To enhance and roll out the second phase of the Housing Accounting and Financial Information System.
- To enhance the Fixed Assets System to support new HA initiatives.
- To implement Phase 2 of the Budgeting and Forecasting Information System.

Budget

8.6 Recurrent expenditure is budgeted at \$92 million. This represents an increase of 4% over 1999/2000.

Key Performance Indicators

9.1 To better evaluate our strategies, we have developed a set of Key Performance Indicators (KPIs) for measuring and monitoring the performance of our operations -

KPI	Current Target for 1999/2000	Target for 2000/2001
(1) Number of new housing units provided (including PRH/HOS/ PSPS/IH)	58,000	90,000
(2) Average waiting time for PRH	Overall : 6 years Elderly : 3.5 years	Overall: 5 years Elderly: 3 years
(3) Number of home ownership opportunities provided	HOS : 20,000 PSPS : 4,500 MSS : 3,000 BRO : 4,400 TPS : no less than 25,000 HPLS: 4,500 ^[1]	HOS : 23,000 PSPS : 3,900 MSS : 3,200 BRO : no less than 3,000 TPS : no less than 25,000 HPLS : at least 4,500
(4) Home ownership rate in the public sector	34 %	39 %
(5) Average annual management and maintenance cost per PRH unit under HD management	Management cost : \$ 8,150 Maintenance cost : \$ 5,450	Management cost : \$ 7,600 Maintenance cost : \$ 5,700

Note 1 : For the period August 1999 to March 2000

(6)	% of rent arrears		
	- Domestic	below 1.5%	below 1.5%
	- Commercial	below 4%	below 3%
(7)	% of overcrowded families(i.e. living density below 5.5m ² IFA per person) against total PRH families	4 %	4 %
(8)	Vacancy rate		
	- PRH	below 1.5 %	below 1.5 %
	- Commercial properties	below 5.5 %	below 4.5 %
(9)	Average void period of vacated PRH	10 weeks	10 weeks
(10)	Formation of		
	- EMACs ^[1]	2	3
	- OCs for new HOS courts	7	14
	- OCs for TPS estates	6	6
(11)	No. of HOS courts (pre-Phase 18A) handed over for self-management	21	21
(12)	Outsourcing of management functions		
	- Domestic	6 new estates & 3 small household developments	11 new estates & 1 small household development
	- Commercial	36 shopping centres	33 shopping centres

Note 1 : Estate Management Advisory Committee

(13)	Training investment per staff member	\$2,185	\$2,400
(14)	Number of training days per staff member	4.3	4.5
(15)	Paper consumption per staff member	12.94 reams	12.94 reams
(16)	Volume of domestic waste paper collected from estates for recycling	17,000 tonnes	20,000 tonnes
(17)	Compliance with HK BEAM for new designs	Good ratings	Good ratings

Consolidated Budgets and Forecasts

10.1 The HA is financially autonomous and sustains its massive public housing programme from internally generated funds. Given the large scale of operations and complexity involved, its finances are subject to a wide range of variables and external factors.

10.2 While the HA's expenditure is not part of the Government's expenditure and general revenue, it represents an important element in public sector spending. The HA expenditure accounts for 16.5% of public sector expenditure in 1999/2000. Its revised budget for 1999/2000 and proposed budget for 2000/2001 comprise the following major items -

	Revised Budget 1999/2000 (\$ billion)	Proposed Budget 2000/2001 (\$ billion)
Operating Income	41.1	56.4
Operating Expenditure	31.4	41.4
Capital Expenditure	29.9	27.7

Enhanced Productivity Programme

10.3 The HD is fully committed to the Enhanced Productivity Programme (EPP) announced by the CE in his 1998 Policy Address and has incorporated into the business plans and budgets various initiatives such as business process re-engineering, outsourcing and operational and structural changes to enhance

efficiency and productivity. The estimated EPP savings for 1999/2000 and 2000/2001 are \$130 million and \$121 million respectively (i.e. 1.41% and 1.32% of the recurrent baseline expenditure). In addition, substantial savings in capital expenditure of \$241 million have also been identified by introducing a competitive tendering system for consultancy work. The target of cumulative saving of 5% by 2002/2003 will be achieved.

Consolidated Operating Account Budget

10.4 The consolidated operating account surplus is budgeted at \$15 billion in 2000/2001. A summary is set out below -

Summary of Operating Surplus/(Deficit) (\$M)

	Public Rental Housing	Commercial Properties	Home Ownership	Consolidated Operating Surplus
1999/2000 (Revised Budget)	(1,915)	1,384	10,272	9,741
2000/2001 (Proposed Budget)	(1,640)	1,448	15,150	14,958

Capital Expenditure Budget

10.5 Capital expenditure is budgeted at \$27.7 billion in 2000/2001. The capital budgets are summarized below -

Summary of Capital Expenditure (\$ M)

	Revised Budget 1999/2000	Proposed Budget 2000/2001
Construction Expenditure	26,116	23,554
Improvement Works	945	1,102
Purchase of Computer Assets and Equipment	221	169
Direct Costs and Overheads charged to Construction Projects and Improvement Works	2,681	2,867
Total	29,963	27,692

10.6 The capital expenditure will remain fairly steady over the next few years in line with the construction programmes. The required funding will be generated mainly from the net income arising from Home Ownership business.

Cash Budget

10.7 The budgeted cash flows and closing cash balances are summarized below -

Summary of Cash Flow (\$ M)

	Net Cash Inflow (Outflow) in the Year	Closing Cash Balance
1999/2000 (Revised Budget)	(8,362)	22,624
2000/2001 (Proposed Budget)	9,637	32,261

10.8 The HA's cash position continues to be comparatively strong throughout the budget and forecast period with a cash balance forecast at \$32.3 billion by the end of 2000/2001. We shall continue to put our surplus into productive uses which will help us achieve our corporate goals.

Financial Forecasts

10.9 The summary of the operating results and cash position for 2001/2002 to 2003/2004 is set out below -

Summary of Operating Surplus/(Deficit) and Cash Position (\$M)

	Public Rental Housing	Commercial Properties	Home Ownership	Consolidated Operating Surplus	Cash Balance
2001/2002	(880)	1,777	11,912	12,809	40,338
2002/2003	(831)	2,048	13,630	14,847	49,154
2003/2004	(474)	2,284	18,106	19,916	60,371